Questions & Answers

Component Contracts

Q. Can component contracts be used in place of base contracts and then the retailer signed to co-marketing?

A. Signing a retailer to component contracts and base elements versus a base contract works against a performance based program. With a fixed component payment, there is no incentive for the retailer to drive RJR business and it is inconsistent with the co-marketing promotion program which is driving against RJR business. A flat merchandising payment offers no incentive for the retailer to move up on the grid or to maintain his current RJR volume.

If the retailer is important on the priority ranking, then every effort should be made to sign him to base. Any component contract with base elements should be handled as an exception with approval of the Region Manager.

Temporary POS

Q. With the new base requirements for two full price displays, there will be a need for additional workplan POS. Will allocations be adjusted?

A. Yes. Current allocations will be doubled for the remainder of 1995 to accommodate POS needs.

Competitive Signage Over Carton Rack

Q. Do the new contracts still prohibit competitive signage in the space above the RJR carton rack and RJR advertising in-store?

A. Yes. There is no change in restrictions on competitive POS on or above RJR fixtures, unless there is a vertical load situation with competitive cost-share.

Printed Contracts

Q. When will additional copies of the merchandising and co-marketing contracts be available?

A. Printed contract forms will be available to the field in 2 weeks. Until these are available, please use the master form copies distributed from the ROU.

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000

Co-Marketing Systems

Q. Will co-marketing systems upgrades be communicated in an FSC letter to the field?

A. Payment designation changes were communicated via letter on April 4, 1995. Other changes, such as the new co-marketing statement and premium menu order process, were included in the presentation book. They were not discussed in the national meetings due to time constraints. All RBM's should cover this material in detail with ROM's and systems coordinators at the ROU. Material should also be covered at subsequent break-out meetings with DM's and reps. The new 1995 co-marketing manual mailed directly to all field sales personnel in late April will also communicate new systems information.

Independents

Q. Will independents be included in the retail priority rankings?

A. This should be the next step in the planning process. Each territory must follow the same methodology utilized in ranking the regional chains. Upon completion, all retail priority rankings (both chain and independent) will roll up to formulate the Regional Implementation Plan for Retail Partners contracts.

Retail Match Monies -- Fair Trade States

Q. Can field sales utilize retail match monies in fair trade states?

A. As fair trade laws may differ from state to state, it is extremely important that all field sales personnel stay current on state fair trade laws in their respective areas of business. Retailers may not utilize their own funds to reduce the selling price below fair trade state minimum prices. In instances where retail match dollars are pledged, RJR must seek alternative uses for these funds that do not violate fair trade state pricing practices (i.e., retail clerk program, retailer/local advertising vehicles).

Retailer Involvement

Q. How can retailers become more involved in supporting RJR business in-store?

A. Merchandising payments should be positioned so that they are not entitlements but must be earned based on performance. Longer term, we must look for ways to get the retailer more involved with supporting our business -- maintaining displays, fixtures and promotion support.

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000

Semi-Permanent Displays

Q. Now that we have a new merchandising program with new base requirements, do I still have the ability to use semi-permanent displays?

A. Yes. The semi-permanent approach remains an option; however, you will use semi-permanent displays differently in 1995 than in 1994. Semi-permanent displays were used in 1994 in many cases to gain additional full price displays where we had a base contract. These displays were also used where base was not in place, to gain net new presence, or enhance a component contract. In 1995, semi-permanent displays should be used when the base program is not in place and where you can't place a permanent component display. In addition, you could place a semi-permanent display where you have a component contract. To minimize confusion, semi-permanent, enhancing base contracts and component contracts should be used in relation to each other as follows:

Enhancing Base Contracts

- Write in additional requirements on base contract, i.e., additional signage, savings display, substantial increase in savings facings or advantage.

- Use the following contract types:
  - Additional Sign - SIGN
  - Savings Display - SD
  - Increase Savings Facings - SD
  - Advantage - PK ADV

Enhancing Non-Base Contracts/Standard Semi-Permanent

- Component contract(s) should be used for permanent displays.

- Use temporary display/signage enhancement agreement for additional/stand alone semi-permanent displays/signage.

- Use the following contract types:
  - Additional Signage - SIGNT
  - Semi-Permanent Full Price Display - FPDT (SS or NSS)
  - Semi-Permanent Savings Display - SDT

The semi-permanent plan types listed above (i.e., SIGNT, FPDT and SDT) are being added to the list of contract types provided to you in the Retail Partners manual. This is being done so you can easily distinguish between component displays and semi-permanent displays.

SPECIAL NOTE: Only in exceptional cases would you consider placing a semi-permanent full price display where you have a component full price display on location since this creates a near base situation. Consistency in utilizing enhancements to base, both in payment and application, is imperative.

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000

Retailer Assist Contract

Q. What programs are available to low volume calls that do not qualify from a volume perspective for the Retail Partners program?

A. As with any exception to our Retail Partners program, these calls should be discussed with your RSM. It is important that consistency in implementation of our new programs apply to all retailers within a given marketplace. A lower volume plan "Retailer Assist Program" will be available for qualifying calls within your region with your RSM's prior approval.

Merchandising/Co-Marketing Programs

Q. Explain the thought process I should use when evaluating whether to maintain merchandising/co-marketing programs with retailers?

A. Evaluating retailers performance under RJR retail programs, on a regular basis, makes good business sense. This ensures the resources you have committed to a retailer are being maximized both for RJR and the retailer. As this process relates to our new programs for 1995, you should understand:

- Program requirements and expectations of the retailer have increased.
- Retailers will earn payments and accruals, based on his/her performance under our program requirements and volume performance. Retailers should not perceive these programs as entitlements, as many have in the past.

In some cases, retailers that currently have an RJR program will not be resigned for 1995 under the new Retail Partners Program. Retailers that will not be resigned should meet at least one of the following criteria:

- Does not meet minimum volume requirements.
- Is not willing to perform all program requirements as stipulated in the contract.
- Retailer has a non-compliance history that proves he/she will not consistently perform program requirements.

RJR is responsible for treating all competitive retailers equally. It is your responsibility to ensure this is carried out at retail.

OPM Signage

Q. Should the OPM signage (RJR or PM) be counted when calculating RJR share of available signage?

A. No. Available signage refers to signage other than signage on displays and merchandisers (fixtures).

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000

Cigarette Outlets -- Impact Only

Q. Is there a contract available for cigarette outlets that are primarily drive through (NSS) and where there is limited physical space for pack, carton displays under the new RJR volume based contract?

A. Because of the need, a new contract will be available to pay for presence only in the drive through cigarette outlets. This will be a lower payment with a signage component only. This is in development and will be available to you in a short time.

Three Tier Versus Two Tier Activity

Q. When retailers are operating at only two tiers with no private label, are retailers classified as Total Category or Merchandising Partners?

A. Retailers with three price tiers are more easily categorized by Total Category and Merchandising Partner based on an RJR/Forsyth brand at the third tier.

Retailers operating at only two tiers can be Full/Total Category Partners even if there is no RJR/Forsyth brand so long as competitive discount brands do not disadvantage RJR brands on a permanent (or non-temporary) promotion basis. Temporary is generally defined as no longer than three months. In other words, the two tiers are maintained.

However, if the retailer promotes competitive discount brands to create a third tier, and if RJR is disadvantaged over a longer period of time, the full partner resources should be re-evaluated. If the third tier is maintained and RJR is at a disadvantage, the retailer should be moved to a partial or Merchandising Partner level, and therefore not receive the full RJR promotion support.

Grandfathered Accounts

Q. What co-marketing plan, industry or RJR volume, should apply to a grandfathered account?

A. It is in RJR's best interest to convert industry volume plans to our new RJR volume performance-based plans as opportunities arise. For program consistency, retailers participating in industry volume based merchandising contracts should remain on industry volume based co-marketing plans. When converting to the new Retail Partners program, both merchandising and co-marketing RJR volume-based programs should be implemented together.

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000

Existing Contracts

Q. Will existing contracts be automatically ended/removed from the system?

A. No. Due to the control rollout of the program, no existing contract will be ended automatically. The ROU is responsible for ending all current contracts and adding all new contracts as submitted by the field.

Co-Marketing Premiums

Q. When ordering premiums for co-marketing, can a future delivery date be established?

A. No. But we will investigate the feasibility for the future. As it stands to date, all premiums will be shipped to retail the first week in August. You should schedule product force-outs to arrive during that time frame.

Low Volume -- Inner City Stores

Q. How can merchandising presence be maintained in important inner city stores that do not meet the minimum industry volume requirement but may have a high RJR share?

A. These stores should be handled on an exception basis by the Region Manager. If an inner city store is important on the priority ranking due to its location, traffic flow and potential consumer impact, then merchandising presence can be maintained through a component contract or semi-permanent contract.

One-Sheet Program

Q. How does the one-sheet program fit into the new merchandising performance contracts?

A. In 1995, the one-sheet program is no longer a free standing program. It should be used as part of a merchandising contract. Exceptions must be approved by Regional Sales Managers.

One-sheets, where effective, can be incorporated into the share of signage equal to share of market requirement in the new contracts. This would be part of the total signage. One-sheets could be part of a sigange enhancement also. One-sheets should be evaluated with other RJR POS/presence options (light thief, contra vision, waterfall, half Y sign, etc) both inside and outside the store.

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Source: https://www.industrydocuments.ucsf.edu/docs/jnhn0000